GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5139
ANSWERED ON:11.05.2007
SETTING UP OF HYDRO POWER PROJECTS
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of POWER be pleased to state:

(a) whether the norms fixed to accept the bids invited for construction of hydel-power projects in the country are being rejected by the Planning Commission;

(b) if so, the details thereof and the norms on the basis of which projects are being approved through bids;

(c) the objections raised by the Planning Commission in regard to these norms;

(d) whether the cost of generation of electricity in the country has gone up as a result thereof; and

(e) if so, the corrective steps taken by the Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : Hydro power is a State subject under Entry 17 of List-II (State List) of the Seventh Schedule of the Constitution of India. Accordingly, the allocation of sites for development of hydro-electric projects falls within the purview of the State Governments. In accordance with the Hydro Policy issued by the Central Government in August 1998, the State Governments are at discretion to structure hydro-electric projects having capacity of upto 100 MW on the MOU route. However, the hydro-electric projects with higher capacities are required to be allocated to the private developers on the basis of competitive bidding.

The Government of India has notified the Tariff Policy on 6th January, 2006 under the provisions of the Electricity Act, 2003 stipulating therein that all future requirement of power should be procured competitively by the distribution licensees except in cases of expansion of existing projects or where there is a State controlled/owned company as an identified developer. Even for the public sector projects, tariff of all new generation projects should be decided on the basis of competitive bidding after a period of five years from the date of notification of the Policy. The Central Government has also notified guidelines for tariff based competitive bidding for procurement of power by the distribution licensees vide Resolution No.23/11/2004-R&R (Vol.II) dated 19.1.2005.

As per the available information, no objection has been received from the Planning Commission regarding the guidelines/norms fixed for this bidding process.

(d) : It is expected that the cost of electricity in the country will come down as a result of the competition in the market for procurement of power.

(e) : Does not arise.